

POSTAL SUBSIDIES, &c. (CANADA, &c.)

RETURN to an Address of the Honourable the House of Commons,
dated 29 March 1859;—for,

“COPIES of the ADDRESS from both Branches of the Legislature of Canada to Her Majesty, relative to POSTAL SUBSIDIES and the INTERCOLONIAL RAILWAY:”

“And, of the CORRESPONDENCE between the Delegates from *Canada, New Brunswick, and Nova Scotia*, and Her Majesty's Government, relative to the INTERCOLONIAL RAILWAY from *Halifax to Quebec*.”

Colonial Office, }
22 July 1859. }

C. FORTESCUE.

— No. 1. —

(No. 31.)

COPY of a DESPATCH from Governor General Right Honourable Sir E. Head, Bart., to the Right Honourable Sir E. B. Lytton, Bart., M.P.,

Government House, Toronto, 4 March 1859.

(Received, 22 March 1859.)

Sir,

I HAVE the honour to transmit herewith a joint Address from the Legislative Council and Assembly of Canada to Her Majesty the Queen on the subject of a postal subsidy to ocean steamers, which I request may be laid at the foot of the Throne.

I have, &c.

(signed) Edmund Head.

No. 1.

Right Hon. Sir
E. Head, Bart., to
Right Hon. Sir
E. B. Lytton, Bart.,
M.P.
4 March 1859.

Enclosure in No. 1.

To the Queen's Most Excellent Majesty.

Most Gracious Sovereign,

WE, your Majesty's dutiful and loyal subjects, the Legislative Council and Commons of Canada, in Provincial Parliament assembled, humbly approach your Majesty for the purpose of representing—

That the efforts and resources of Canada have been, for many years, studiously directed to developing the trade of the St. Lawrence, which is the natural outlet not only of the Province, but also of the American States bordering on the great lakes.

That almost the whole direct public debt, amounting to 7,000,000 £, has been created in view of this object, and the people of this Province have confidently looked forward to the completion of our canal and railway system for obtaining such a share of that commerce as might render our provincial works productive, and relieve our revenue of the very heavy charges upon it for interest on this expenditure.

That by the outlay referred to, the charge for inland freight from the great lakes to Montreal and Quebec has been reduced to nearly one-half less than to New York, but the ocean freight from these respective ports to Liverpool is in a still greater proportion in favour of New York, and consequently the trade continues to seek that channel.

That consequently the aim of the Canadian Government has been directed to the best mode of reducing the ocean freight to a par with that from New York, and it has been conclusively shown, by the evidence taken before a Committee of the Legislative Assembly, that the large subsidies paid by the British Government to the Cunard line of steam ships have operated as a direct bounty to the ports of New York and Boston, reducing freights to and from these cities, and so far defeating the objects and interests of Canada, and drawing provincial trade largely into American channels.

112—Sess. 2.

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That

Encl. in No. 1.

PAPERS RELATIVE TO POSTAL SUBSIDIES AND

That on the initiation of the steam mail service to America, there were no doubt cogent reasons why the United States ports should be the ultimate destination of the British steamships, and Canada never complained of her interests being overlooked in these original arrangements; but of late years it has become painfully manifest to the whole public of the Province, that the continued operation of the large subsidy to vessels plying to New York and Boston was exceedingly detrimental to Canada, and far overbalanced the convenience of the mail service; and so strong did the feeling become, that the Provincial Government felt compelled to undertake a direct mail service with Liverpool from the St. Lawrence, fortnightly in summer, and monthly to Portland (United States), the terminus of the Grand Trunk Railway, in winter.

That this line of steamers has been in successful operation for three years, and has proved so satisfactory that the Canadian Government has contracted for a weekly service during the entire year, at the heavy cost of 55,000 l. currency annually.

That the operation of the Canadian line has conclusively shown that the St. Lawrence is the shortest and most direct route to Canada and the Western States; and it was the confident expectation of Canada that, when the period arrived for considering the continuance of the contract for the mail service performed by the Cunard line, communication would have been had with this Colony on the subject, especially as it had been shown by our acts that the existing arrangements were not satisfactory either for the mail service or commerce of this important Dependency of the Empire; and that, in view of Canada's having established a direct line at a heavy expense (although only about one-fourth of the amount paid for a similar service to the Cunard line by the British Government), and in view of the fact that the British Government has, in regard to all other Colonial Dependencies of the Empire, evidenced a desire to foster and protect their interest by granting large subsidies to lines of steamers established partly with a view to the extension of their commerce, and partly for the purpose of facilitating postal communication, no renewal of the contract would have taken place without negotiations to which Canada might be a party.

That we learn, with much regret, that it has pleased your Majesty's Government to renew the contract with the Cunard Company till 1867, without any opportunity having been afforded to the Government of Canada to urge such arrangements as would have been conducive to the prosperity of the Colony.

That the British Government has granted subsidies to the following lines, viz:—

The line to the West Indies	- - - - -	£. 270,000
The line to the Mediterranean	- - - - -	244,000
The line to the Australian	- - - - -	185,000
The line to the South American	- - - - -	25,000

That the Cunard line now subsidised by the British Government, although touching fortnightly at Halifax, is essentially a line to the United States, and prejudicial to Canada, the overland route *via* Quebec and Halifax having, for a length of time, been partially and being now entirely abandoned as a channel of communication between Great Britain and Canada.

That the said line is, in fact, wholly devoted to the trade between the United Kingdom and the United States ports of New York and Boston, in opposition to the British Colonial ports of the St. Lawrence; thus placing the mother country in the invidious position of fostering foreign interests in preference to those of her own Colonies; and that even if the grant were made distinctly for the conveyance of the United States' correspondence, Canada is prepared to show that the St. Lawrence forms the best and most rapid means of transmitting these mails in summer, and that the most expeditious route in winter is by Portland, and will be so until the intercolonial railway between Halifax and Quebec is constructed.

That we cannot conceive it possible that the British Government desires to create any invidious distinction between this country and the other Colonies of the Empire; and as there appear no other means by which impartial justice can be afforded to Canada than by extending assistance to the line of steamers plying to the St. Lawrence ports, to which line the Province has already contributed as liberally as its revenues warrant, and there exist very grave doubts whether the St. Lawrence steamers will be able to continue their services against the advantages obtained through the subsidy to the Cunard line of steamers, we humbly pray that no renewal of the Cunard contract be made; that no subsidy be granted to any other transatlantic line, until Canada shall have had an opportunity of urging such arrangements as will conduce to its prosperity; and that your Majesty will be graciously pleased to extend to the Canadian steamers such assistance, by way of subsidy, as will place them upon an equal footing with other lines of steamers plying between British and Colonial ports.

(signed) N. F. Belleau,
Speaker, L. C.

Legislative Council Chamber, Canada,
Toronto, Wednesday, 2 March 1859.

(signed) Henry Smith, Jun.,
Speaker.

Legislative Assembly Hall, Canada,
Toronto, Friday, 25 February 1859.

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— No. 2. —

COPY of a LETTER addressed by the Delegates from Canada, New Brunswick, and Nova Scotia to the Secretary of State.

No. 2.
Letter from Delegates from Canada, New Brunswick, and Nova Scotia to the Secretary of State,
26 October 1858.

3, Charles-street, St. James's-square, London,
26 October 1858.

Sir,

THE subject of an intercolonial railway from Halifax to Quebec has been so frequently and so fully discussed, both as between the Colonies interested, and between those Colonies and the Home Government, that the undersigned do not now propose to reproduce at length the arguments which have been from time to time urged in favour of its construction.

The late Earl of Durham, in his Report upon the affairs of British North America, suggested the importance of this railway.

The first practical step, however, was taken in the organisation of a survey by Mr. Gladstone, when Secretary of State for the Colonies in 1846, which survey occupied a considerable period of time, involving a large amount of expense, and to which expense Canada, New Brunswick, and Nova Scotia contributed.

Earl Grey, when Secretary of State for the Colonies in 1851, distinctly pledged the Imperial Government to aid in making the line by affording the Imperial guarantee to the payment of the interest on the capital required for the work, and this pledge would doubtless have been carried out at the time, had not a difficulty arisen as to a branch line from the main line into the State of Maine, for the cost of which Mr. Howe, of Nova Scotia, also claimed the Imperial guarantee.

Subsequently in 1852, Mr. Hincks, on behalf of Canada, and Mr. Chandler, acting for New Brunswick, brought the matter under the notice of Sir John Pakington, then Secretary of State for the Colonies, who in effect repeated the pledge of Earl Grey, but a difficulty arose as to the route.

His Grace the Duke of Newcastle, as Secretary of State for the Colonies in the ensuing year, had the project under consideration with a view to carrying it out; the Russian war, however, unfortunately intervened, and prevented any progress being made until last year (1857), when Messrs. Macdonald & Rose from Canada, and Messrs. Johnson and Archibald from Nova Scotia, again made application to the Home Government, and submitted to Mr. Labouchere propositions for the completion of this Railway.

The undersigned have thus, but briefly, referred to the action in relation to this question as between the Imperial and Colonial Governments, knowing, sir, as they do, that you are fully acquainted with its history in all its bearings, and that a reference to the Parliamentary Blue Books for the documents and despatches alluded to will be more convenient and satisfactory to you than a repetition of their contents.

It must be borne in mind, however, that the state of the question in the Colonies interested has been materially changed since the correspondence with Earl Grey and Sir John Pakington.

At that time Canada, New Brunswick, and Nova Scotia had not in fact taken any step incurring debt or liability for the purpose of aiding the project; and it is proposed here to state briefly what has been done, and what liabilities incurred in the respective Provinces, towards carrying out this great Imperial and Provincial work.

Canada has not only provided for the construction of a line of railway from Quebec to Montreal, and thence westward, passing through Kingston and Toronto to the western boundary of that Province at Sarnia, the foot of Lake Huron, but 40 miles below Quebec have been made, and are now worked for traffic; and during next year a further distance of 70 miles to Riviere du Loup, now being made, comprising in the aggregate 110 miles below Quebec, or 864 miles in all, from Riviere du Loup to Sarnia, will be completed, at a cost to the Province of 3,111,500*l.* sterling, raised and paid out since 1852, to aid in the construction of this railway, and involving an annual charge upon the revenues of the Province to the extent of 186,000*l.* sterling. From Riviere du Loup to the New Brunswick frontier the distance to be yet made depends upon the route selected, the shortest distance being about 50 miles; and there will then

be a continuous line of railway throughout the entire length of Canada, from its extreme eastern boundary on the New Brunswick border to its western boundary at Sarnia, on Lake Huron.

In addition to this large outlay, Canada will contribute the sum of 20,000 *l.* sterling annually, to aid in raising the capital for the completion of this important work.

New Brunswick has incurred a heavy debt in the construction of railways. Upon the completion of the unfinished portion of the road between Shediac and the city of St. John, a distance of 110 miles, which are now under contract, her total expenditure for the construction of railways will exceed 800,000 *l.* sterling, for which she will be subject to the payment of an annual interest of 48,000 *l.* sterling. She has already given 100,000 acres of land to the St. Andrew's and Quebec Railway and Land Company, and has pledged a further large grant of land, and agreed to pay an annual sum of 5,000 *l.* sterling to the same company on certain conditions, to assist in the construction of a railway from St. Andrew's to Woodstock, a distance of 85 miles, 60 miles of which will be finished this autumn. Notwithstanding these large expenditures, New Brunswick will now provide a free right of way, and contribute 20,000 *l.* sterling annually to aid in raising the necessary capital for the completion of the Intercolonial Railway.

Nova Scotia, before the close of this year, will have opened for traffic 61 miles of the trunk line from Halifax to Truro, and a branch line of 31 miles, connecting the main line with Windsor and the fertile counties of the western portion of the Province on the basin of mines, has been in operation since June last.

This portion of the trunk line has cost about 500,000 *l.* sterling, and the Windsor branch 300,000 *l.* sterling, the interest of which is chargeable upon the revenues of the Province, the capital having been raised upon provincial debentures bearing six per cent. interest. To complete the trunk line from Truro to the borders of New Brunswick there remain about 69 miles.

Unless it be in connexion with the Intercolonial Railway, it forms no part of the policy of Nova Scotia to carry the line from Truro to the New Brunswick frontier, as, unaided, it is entirely beyond her resources; and a line is now being located from Truro to Picton, by which communication will be opened with the Gulf of St. Lawrence, Prince Edward's Island and the eastern counties, including Cape Breton.

In the event, therefore, of the present effort failing to enlist the sympathy and co-operation of the Imperial Government in completing the Intercolonial Railway, in which the general interests of the empire are so largely involved, Nova Scotia must turn her resources to the construction of the line to Picton; and no hope can be entertained that she will afterwards be able to contribute to the Quebec and Halifax line, as all her means will have been expended upon the local lines already indicated. So deeply impressed is she, however, with the immense importance of this great Imperial and Colonial Railway undertaking, that, although nearly one-half of the line through Nova Scotia has been made and completed since the action of her Legislature in 1849, she is now willing to renew the pledges then given, to grant a free right of way, and provide and pay 20,000 *l.* sterling annually, so long as it may be required, to aid in meeting the interest of the additional capital to be expended in making the line from Truro to Riviere du Loup.

Referring, then, to the action of the Home Government; to the pledges of Earl Grey in 1851; to the adoption of those pledges in effect by Sir John Pakington in 1852; and to the repeated admissions on the part of the Imperial authorities that the interests and integrity of the empire are involved in the speedy construction of this railway, the undersigned respectfully submit, that the period has arrived when it is essential that the Imperial assistance necessary be granted.

It is estimated that the different sections required to complete the line from Halifax to Quebec may now be made at a cost of three millions and a half of pounds sterling. If the million and a half of pounds which Canada owes to, and proposes to raise and pay off at once to the Imperial Government, be appropriated, there remain but two millions more to be provided; and to meet the interest on this sum, each province here Proposes to contribute to the extent of 20,000 *l.* sterling, in each year.

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The British North American Provinces would thus be brought together and consolidated; the postal communication between England and all North America would be conducted through Halifax, and that for the United States would thus pass first through British territory, inasmuch as letters for Boston, New York, and other American cities would reach their destination sooner through Halifax and over the rail than in any other way.

When the Intercolonial Railway is completed, there will be an unbroken communication by railway from Halifax, in Nova Scotia, to the western part of Canada, at Sarnia, extending over a distance of about 1,400 miles in the direction of British Columbia and Vancouver's Island, the whole being in the dominions of the Queen; and from Sarnia there is now an unbroken water communication for steamers and vessels of the largest class to the head of Lake Superior, at Fort William, a further distance of nearly 1,000 miles.

The military objects are now so thoroughly understood, and have been so fully dwelt upon in former communications on the subject of this railway that they are not here repeated.

Trusting that this important matter may receive the early and favourable consideration of Her Majesty's Government,

We have, &c.

(signed)

G. E. Cartier,
Jno. Ross,
A. T. Galt, } Canada.

Charles Fisher,
A. P. Smith, } New Brunswick.

Charles Tupper,
W. A. Henry,
R. B. Dickey, } Nova Scotia.

— No. 3. —

COPY of a LETTER from the Canadian Delegates to the Secretary of State.

Sir,

London, 16 November 1858.

We have the honour to enclose a copy of the joint letter from the Delegates from the British North American Colonies to the Chancellor of the Exchequer, on the subject of the Intercolonial Railway; and we venture to express the hope that Her Majesty's Government may be able to give an early and favourable consideration to the question.

We have, &c.

(signed)

John Ross.
A. T. Galt.

No. 3.
Letter from Canadian Delegates to the Secretary of State.
16 November 1858.

Enclosure.

Enclosure in No. 3.

To the Right Hon. B. Disraeli, Chancellor of the Exchequer, &c. &c. &c.

Encl. in No. 3.

Sir,

London, 13 November 1858.

In the interview with which we were honoured by the Secretary of State for the Colonies, on the subject of the Railway from Halifax to Quebec, Sir E. B. Lytton stated that while the construction of this work unquestionably entered into Imperial policy, it involved questions more peculiarly financial, and that he therefore wished us to address you, and in submitting our united application, to add our views of the manner in which the British Exchequer would be affected by your assent to our proposal.

A reference to the enclosed copy of our joint letter to Sir E. B. Lytton will show you, that estimating the capital required to be 3,500,000*L.*, the Imperial Government are asked to apply 1,500,000*L.*, now payable by Canada, and to guarantee, if necessary, the proposed grant by the three Colonies of 60,000*L.* per annum. Assuming, which we trust will not be questioned, that the obligations of the several Provinces will be honourably met, as has always hitherto been the case, the amount of aid asked from the British Government, to secure an object admittedly of vast Imperial interests, is limited to the grant of 1,500,000*L.*, representing, at 4 per cent., an annual charge on the British Exchequer of 60,000*L.*

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Against this sum it is claimed that the construction of the Railway would relieve Great Britain of certain known charges:

	£.	s.	d.
Payment to United States Government for the transmission of mails to and from Canada	25,000	-	-
Reduction in ocean services, as now performed by the Cunard line, Halifax being 547 miles nearer Liverpool than New York, in proportion to the whole subsidy, at least	35,000	-	-
Saving in transmission of troops and munition of war, at least	10,000	-	-
	£. 70,000	-	-

To which may be added the sum which would be paid by the United States Government for the transmission of their mails by the Railway, at least as much as is now paid by the British Government

25,000	-	-
£. 95,000	-	-

On financial grounds we therefore do not hesitate to state our conviction that a large reduction may be effected in existing charges upon the British revenue; while, at the same time, the other and more important Imperial political objects will be attained.

We have now fully stated our views on this important subject, and it only remains for us to express our hope that if Her Majesty's Government are desirous of extending their aid they may be pleased to advise us of their views, and should they not be prepared to adopt the precise scheme submitted by us, that they will be pleased to inform us of the mode by which they consider the object can be attained more consistently with the interests of the Imperial Government.

We may add, that if it should be more consistent with your views to grant aid to this proposed Railway by way of subsidy, for the services hereinbefore enumerated, instead of an absolute grant of money, it would equally meet the expectations and desires of the several Colonies.

We have, &c.

(signed) *G. E. Cartier, per A. T. Galt,*
John Ross,
A. T. Galt,
Charles Fisher,
A. J. Smith,
Charles Tupper,
W. A. Henry,
A. B. Dickey.

— No. 4. —

No. 4.

Sir E. B. Lytton,
 Bart., M. P., to
 Governor General
 of Canada, and the
 Lieut. Governors
 of New Brunswick
 and Nova Scotia.
 24 December 1858.

COPY of a DESPATCH addressed by Sir E. B. Lytton to the Governor General of Canada, and the Lieutenant Governors of New Brunswick and Nova Scotia.

Sir,

Downing-street, 24 December 1858.

You are doubtless aware that frequent communications have passed between me and the delegates who visited this country from the British Provinces in North America, relative to the proposal that some Imperial aid should be granted towards the completion of an Intercolonial Railway from Halifax to Quebec. The subject has not failed to receive the anxious consideration of myself and my colleagues.

I need scarcely say that the project is one which Her Majesty's Government cannot regard otherwise than with the best wishes. Even were no national object concerned, it would be highly gratifying to them that the British Provinces in North America should reap the local advantages which would be derived from the completion of this great line of railway. Those advantages, it is true, would not justify an outlay of British funds, inasmuch as it is evident that for an Imperial expenditure there must be an Imperial object; but I readily admit that the plan does likewise embrace interests of a general and national character. Independently of any military advantages which might attend the existence of an uninterrupted communication by rail over British territory in the event of any disturbance of the existing friendly relations of Great Britain

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with all other countries, some benefits of an Imperial kind would at once accrue from the completion of the Intercolonial Railway; the letters from England would pass over a shorter and cheaper route; and the movement of troops would gain in point of convenience and economy.

As to the probable amount of such financial benefits to the mother country, there would probably be some difference between the calculations suggested by the delegates and those formed by the official departments in the Imperial service to which the consideration of matters affecting the conveyance of troops or the carriage of letters would specially belong. It is unnecessary, however, at present to raise that question, and I readily grant that it involves others, both of kindly feeling towards Provinces so loyal and so important, and of general policy in the increased strength and compactness produced by rapid communication, which it would be impossible to reduce to figures and specify in estimates.

But still the national expenditure must be regulated by the national resources. And, however important may be the foregoing advantages, it has been found that objects of interest to Great Britain yet more urgent must yield to the necessity of not unduly increasing at the present moment the public burthens. For this reason, I can only express my deep regret that, while doing full justice to the ability of the arguments advanced by the gentlemen who visited this country as delegates upon the subject, and while far from undervaluing the benefits of an intercolonial communication by railway, Her Majesty's Government have not found themselves at liberty to accede to the proposal of granting Imperial aid towards the completion of the line between Halifax and Quebec.

I have, &c.

(signed) E. B. Lytton.

T. Galt.

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POSTAL SUBSIDIES, &c. (CANADA, &c.)

COPIES of the Addresses from both Branches of the Legislature of Canada to Her Majesty relative to Postal Subsidies and the Intercolonial Railway; and, of the Correspondence between the Delegates from Canada, New Brunswick, and Nova Scotia, and Her Majesty's Government relative to the Intercolonial Railway from Halifax to Quebec.

(M. Wgld.)

Ordered, by The House of Commons, to be Printed,
25 July 1859.

112—SESS. 2.

Under 1 oz.